

Determining Family Size and Income

Purpose

This chapter reviews how to determine who is counted in the family size and how to estimate the family's income.

Steps to Determine Family Size and Income

There are several steps in determining a family's family size and income. Because of the Federal Income Guidelines, ages of the children and financial responsibility (whose income is counted for whom), children in the same family may end up qualifying for different programs.

There are five basic steps in determining family size and income:

1. Determine the family size.
2. Determine the income counted for each family member.
3. Determine the gross monthly income for each child.
4. Determine the deductions for each child.
5. Determine the net monthly income for each child.

NOTE: If pregnant women are listed in Question 34 of the application (and Question 16 is not checked for Medi-Cal), the original application is forwarded to the county Department of Social Services in order for them to apply for Medi-Cal.

Manipulation, incorrect reporting of family size and/or income, or splitting families by putting each child on a separate application is considered fraudulent behavior and is grounds for termination of the CAA number and certificate.

NOTE: CAAs are not eligibility workers or eligibility specialists. The actual eligibility determination is made by the programs themselves (Medi-Cal and Healthy Families).

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Step 1: Determine the Family Size

In order to be counted in the family size, persons must live in the home (with the exception of children under 21 who are away at school and claimed as tax dependents). Only the incomes of those people counted in the family size are considered.

Who counts in the family size?

- Parents (married or unmarried)
- Spouses/stepparents
- Children (full, half and stepsiblings) under age 21
- Children (full, half and stepsiblings) under age 21 who are away at school and claimed as tax dependents
- Unborn children of any family member

Who does not count in the family size?

- Caretaker relatives such as grandparents or other relatives
- Legal guardians or foster parents
- Recipients of most forms of public assistance (i.e., SSI/SSP, CalWORKS, TANF or General Relief)
- The unmarried father of an unborn child if he has no other children with the pregnant woman
- Roommates, friends and others

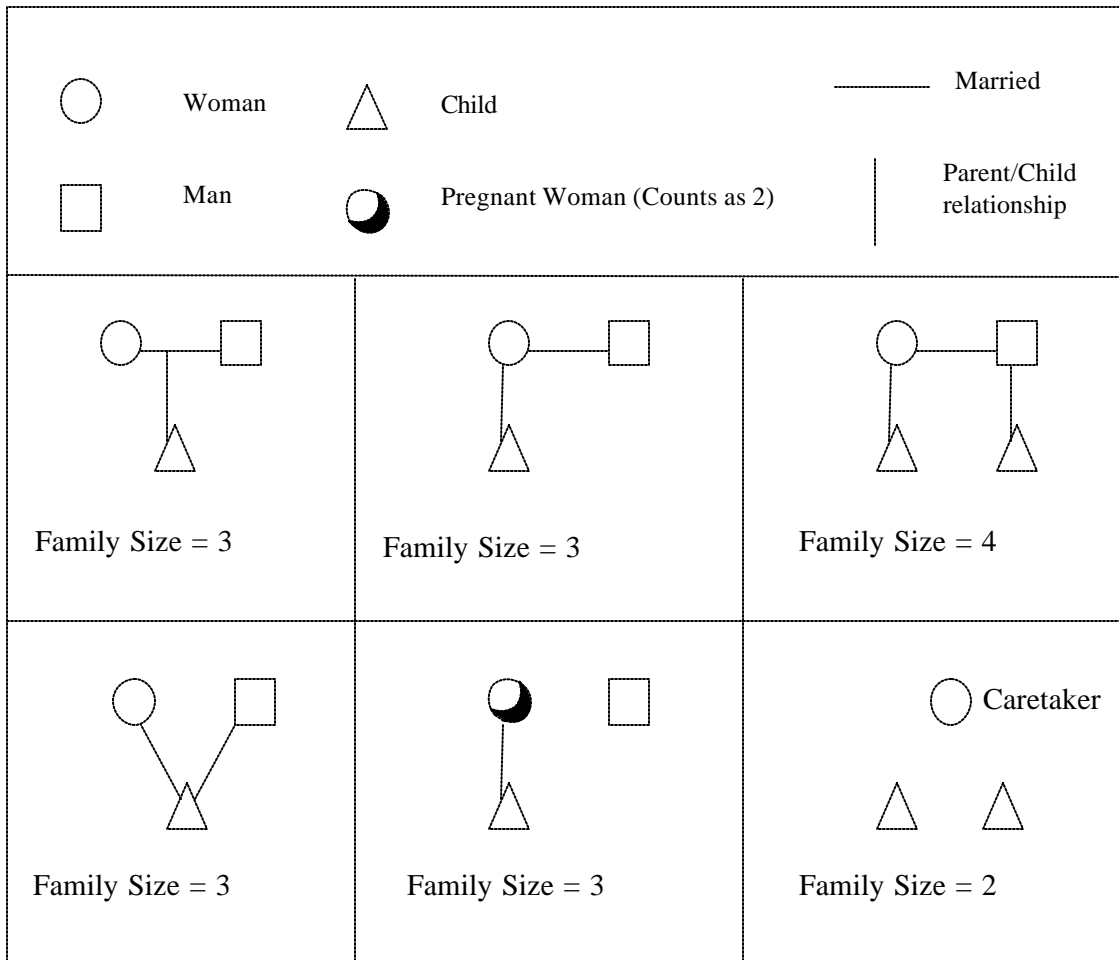
NOTE: Absent parents (natural or legal adoptive) may ONLY apply for Healthy Families for their children who do not live with them. The absent parent is the applicant, but the family size and income used would be from the CHILDREN'S household. Absent parents would not be counted in the family size, and their incomes would not be counted. See Chapter 7: *Healthy Families* for more information about absent parents applying for Healthy Families.

Step 1: Determine the Family Size

When determining family size it can be helpful to diagram the family members and their relationships to each other.

The symbols used for family members are listed below with some common examples.

Family Size Diagrams



NOTE: Diagramming can also be useful when determining whose income is counted for whom.

Step 2: Determine the Income that is Received by Each Family Member

Families may have many different sources of income which may include earnings from a job, interest income, child support and public assistance. Only some of these forms of income are counted and used when calculating family members' incomes.

There are three types of income to consider:

1. Income that is counted
2. Income that is not counted
3. Income that is excluded (i.e., most forms of public assistance—the income from public assistance is not counted and the person who receives this income are not counted in the family size).

The following charts describe the types of income that are counted and what documentation is required.

Income That is Counted

INCOME	DOCUMENTATION
Earnings from a job, often referred to as “earned income.” This includes cash, wages, salary, commissions, tips or under the table (untaxed) income. This also includes job earnings of a child over age 14 AND not going to school. Note: If children are on a break (summer, spring, etc.) but will return to school, they are considered going to school and their job earnings will NOT be counted.	A copy of the paycheck stub for a pay period ending within the last 45 days of when the application is received at the Single Point of Entry (SPE), OR Previous year’s Federal Tax Forms 1040, 1040A, 1040EZ or an e-file printout of these forms. This is helpful when a family’s income changes during the year. See pages 4-23 through 4-26 for samples, OR An employer statement on the employer’s letterhead or name of company stated on letter, including name of person employed, signature of employer, date of letter, pay frequency and gross amount. See page 4-30 for a sample employer letter.

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Earnings from a job, often referred to as “earned income.” This includes cash, wages, salary, commissions, tips or under the table (untaxed) income.	<p>The adult receiving income can write an affidavit if there are no other ways to document the income. This letter should include:</p> <ul style="list-style-type: none"> • Claimant’s name and signature • Date of letter • How much the employee is paid • Date, frequency and source of payment • Declarations that (a) the information provided is true and correct, (b) there is no other form of income documentation available, and (c) the employee understands that the state may verify the information provided. <p>See page 4-31 for a sample affidavit.</p>
Self employment net profits	<p>Previous year’s Federal Tax Form 1040. This must include the Federal Schedule C “Profit or Loss From Business” form or the Federal Schedule F “Profit or Loss from Farming” (depreciation and entertainment and meals are added back to the net income), OR</p> <p>Three month Profit and Loss Statement. See page 4-29 for a sample or consult a tax advisor for instructions on preparing a Profit and Loss statement.</p>
Social Security: Retirement, Survivors and Disability Insurance (RSDI)	<p>Copy of award letter, OR</p> <p>Copy of check, OR</p> <p>Copy of bank statement showing direct deposit</p>
Veteran’s Benefits	<p>Copy of award letter, OR</p> <p>Copy of check, OR</p> <p>Copy of bank statement showing direct deposit</p>

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Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Railroad Retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
State Disability Insurance (SDI)	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Workers' Compensation	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Unemployment	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Child support, alimony or spousal support payments received	Copy of court order, OR Copy of payment receipt, OR Statement from absent parent/spouse who makes the payment(s)
Cash income/unverifiable income	Affidavit. This can be self declared. See page 4-31 for a sample
Farming	Federal Income Tax Form 1040– must include Federal Schedule F form (depreciation is added back into the net income)
Pensions or retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Interest Income may be received each month or may accumulate in an account. Some interest, such as that from an IRA account, is not counted.	Copy of current bank statement showing interest earned, OR Previous year's federal tax form

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
<p>Rental income</p> <p>Healthy Families: Use net profits from the previous year's Federal tax return, line 17. Divide the positive amount on line 17 by line 12 to determine the monthly net profit income.</p> <p>Medi-Cal: Report the gross rental income. The county Department of Social Services will contact the applicant for rental expense information.</p>	<p>Copy of previous year's Federal 1040 tax form</p>
<p>Gifts, lottery, gambling winnings</p>	<p>May include a signed statement from the person who gave the gift or the recipient of the lottery or gambling winnings.</p> <p>Gift income statement must be signed by the person who gave the gift, and the gift cannot come from someone who is counted in the family size.</p> <p>Gifts must be received on an ongoing basis.</p>
<p>Insurance annuity</p> <p>Either lump sum or monthly payments/or payments received on investments or an insurance policy.</p>	<p>Copy of award letter, or copy of check, OR Copy of bank statement showing direct deposit</p>

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NOTE: A recent Notice of Action (NOA) (less than 60 days old) from the county Department of Social Services will also be accepted as proof of income. This NOA must be for the children who are applying for Healthy Families and the budget or budget worksheet must be attached. See page 4-32 for a sample NOA.

Step 2: Determine the Income that is Received by Each Family Member

There are many types of income that are not counted. These forms of income are not used to determine families' incomes and ARE NOT listed on the application with the exception of some forms of public assistance that affect family size.

Income That is NOT Counted

- Agent Orange payment to Armed Services Personnel who were exposed
- Disaster and emergency assistance payments
- Educational grants and scholarships
- Energy Assistance payments to low-income families
- Executive volunteer programs
- Federal Housing Assistance
- Federal payments to American Indians and Alaskan Natives
- Foster care payments
- 401K plan or account that has been cashed out prior to retirement age
- In-kind income, services in-kind
- Income tax credits
- Income tax refund
- Japanese reparation payments
- Job earnings of a child under age 14
- Job earnings of a child age 14 or older if the child is in school
- Lump-sum inheritance
- Payments to victims of crimes
- Payments to victims of the socialist persecution
- Property tax refunds or rebates
- Radiation Exposure Compensation Trust Fund Payments
- Relocation assistance benefits
- Reimbursed expenses, e.g., travel expenses
- Scholarships, loans and grants applied towards college expenses
- Senior citizen volunteer programs
- Spina Bifida payments
- Title IV student assistance
- Training expenses paid by the Department of Rehabilitation
- Trust accounts. The interest may count as income if the family draws interest each month and if the account is considered accessible. Medi-Cal may count the interest or require additional information about the account.
- Value of Food Stamps
- Vista payments
- Workforce Investment Act (WIA payments)

Step 2: Determine the Income that is Received by Each Family Member

Income That is Excluded

Recipients of the following forms of public assistance are not counted in the family size and this income is not counted. Proof of these forms of public assistance must be indicated on the application and proof must be submitted. Not providing this information may result in a wrong eligibility determination due to of an incorrect family size determination. See Chapter 8: *Application Completion Instructions* for more information.

- Public assistance payments:
 - ◊ SSI/SSP
 - ◊ CalWORKS (TANF, AFDC)
 - ◊ 1931(b) Medi-Cal only
 - ◊ General Relief/Assistance
 - ◊ 20% Social Security Increase (Pickle)
 - ◊ Aid to Adoption Payments (AAP)
 - ◊ Cuban Refugee Cash Grant (RMA)
 - ◊ Emergency Assistance (EA)
 - ◊ Indochinese Refugee Cash Grant
 - ◊ In Home Supportive Services (IHSS)

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Step 3: Determine the Gross Monthly Income for Each Child and Pregnant Woman

Once the family size and countable income has been determined, **Financial Responsibility (FR)**, whose income is counted for whom, is determined. Not everyone who is counted in the family size will have his/her income counted for all of the family members.

Whose income is counted for which family member depends on their family relationships. Family members' incomes are only counted for those people for whom they are financially responsible.

Adults are financially responsible for:

- Themselves
- Their spouse
- Their children
 - ◊ Biological or legal adoptive

Stepparents are not financially responsible for their stepchildren or their partner if they are not married.

Children are not financially responsible for adults or their siblings. Their incomes, if counted, is only counted for themselves. If the children are parents, however, their incomes will also be counted for their children.

Step 3: Determine the Gross Monthly Income for Each Child and Pregnant Woman

Calculating Income

Because not every family member's income is counted for all other family members, each child and pregnant woman's income must be calculated separately. Only the income of those who are financially responsible for a family member will be used.

For a child, use the income of:

- The child's natural or legal adoptive parent
- Father of Baby (FOB) if child in common
- The child

For a pregnant woman, use the income of:

- The pregnant woman
- The pregnant woman's husband

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NOTE: The Father of Baby refers to the natural or legal adoptive father of an infant. He would be counted in the family size and his income would be counted for his child if he lives in the home, even if he is not married to the child's mother.

There may be other people who are counted in the family size, such as stepparents and other children with income, but their incomes will not be counted unless they meet the criteria listed above.

When calculating income for adults, use the gross amount received before any taxes, retirement, child support or other withholdings. The only income that is used for screening is the income that is counted. Do not use income that is not counted or excluded in the income calculations.

For counted family members, determine how often each person receives income and then convert this income to a monthly amount, as follows:

- Once a month: Use the gross monthly amount
- Twice a month: Multiply by 2
- Every 2 weeks: Multiply by 2.167
- Every week: Multiply by 4.33
- Quarterly (Every three months): Divide by 3
- Annually (Once a year): Divide by 12

Step 3: Determine the Gross Monthly Income for Each Child and Pregnant Woman

Often family members do not realize that there is a difference between being paid twice a month and being paid every two weeks.

- If family members are paid on two specific DATES each month (e.g., 1st and 15th), they are paid twice a month.
- If family members are paid on a specific DAY of the week (e.g., every other Friday, every other Tuesday), they are paid every two weeks.

CAAs will need to ask family members about the dates they are paid and may need to check the dates on a calendar to see how often they are paid.

Parents or Pregnant Woman and Her Husband's Income:

Calculate the gross amount the parents or the pregnant woman and her husband (or Father of Baby if they already have a child in common) receive and multiply by the appropriate number (2, 2.167, 4.33, etc.) to determine their monthly incomes. DO NOT round up or down; however, cut off any numbers past two digits beyond the decimal point. For example \$2500.345 would become \$2500.34.

If the adults in the home have more than one source of earned income, calculate each source of income separately.

Gross Income of Those Living in the Home:

- Use only the income of those family members who are financially responsible for the child or pregnant woman.
- Add the different sources of income together to determine the total gross monthly family income for the child or pregnant woman.

Step 4: Determine the Deductions for Each Child and Pregnant Woman

Medi-Cal and Healthy Families allow certain income deductions. These are different from tax deductions. The deductions and required documentation are listed in the following chart.

INCOME DEDUCTION	DOCUMENTATION
<p>Work Expense:</p> <p>\$90 for each working family member whose income is counted</p> <p>Deductions are only for earned income (from work).</p> <p>If the income is less than \$90, use the actual amount of income.</p> <p>Income from Temporary Workers' Compensation and State Disability Insurance (SDI) is counted as earned income and recipients also will receive the \$90 work expense deduction. Recipients of permanent Workers' Compensation will not receive this deduction.</p>	<p>No additional documentation needed beyond proof of income (paycheck stub, employer letter, affidavit, etc.)</p>
<p>Child Care Expenses:</p> <p>Total of Child Care expenses paid for all children:</p> <p>Up to \$200 for a child under age 2</p> <p>Up to \$175 for a child age 2 and older</p> <p>For example, parents have a newborn and an 18 month-old. They pay \$300 per child per month (total of \$600 per month). The family can deduct \$400 for child care expenses.</p> <p>Working adults and adults in job training may get the deduction for child care expenses.</p> <p>If the amount paid is less than listed, deduct the actual amount paid.</p> <p>Child care expenses paid must be necessary because there is no responsible person in the home who can provide child care.</p>	<p>Copies of the receipts, OR</p> <p>Cancelled checks, OR</p> <p>Signed statement from the child care provider</p>

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Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
<p>Disabled Dependent Care Expenses:</p> <p>The total of dependent care expenses paid for all dependents: Up to \$175 for each disabled dependent</p> <p>If the amount paid is less than \$175, deduct the actual amount paid.</p> <p>Working adults and adults in job training may get the deduction for dependent care expenses. This deduction may be reviewed by the county Department of Social Services or the Healthy Families Program.</p>	<p>Copies of receipts, OR</p> <p>Cancelled checks</p>
<p>Alimony and/or Child Support Received:</p> <p>The total of all alimony or child support received up to \$50. The deduction is divided among all children receiving child support. See example below.</p> <p>If the amount received is less than \$50, deduct the actual amount received.</p> <p>If a child receives child support and his/her parent also receives alimony, the maximum deduction is still \$50.</p> <p>For example: If two children in a family receive child support, each child would receive a \$25 deduction.</p>	<p>No additional documentation needed beyond proof of income (court order, payment receipt, etc.)</p>

Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
Court Ordered Alimony and Child Support Paid: Deduct the full amount of the court order or the actual amount paid, whichever is less. Alimony and child support paid that is not court ordered will NOT be deducted.	Copy of the court order, OR Payment receipts or cancelled checks Copy of a paycheck stub showing a garnishment for alimony/and or child support, OR If the amount paid is less than the court ordered amount, cancelled checks or receipts may be sent.

NOTE: The county Department of Social Services will need to determine special deductions for family members who are aged, blind or disabled. Families with aged, blind or disabled individuals may have a lower countable income after these special deductions are used.

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Step 5: Determine the Net Monthly Income for Each Child

Subtract the total deductions from the gross family income for this child to determine the net family income.

Compare this amount to the income charts to see if the child appears eligible for Medi-Cal or Healthy Families.

REMINDER: CAAs must always use the NET family income to see first if the children or pregnant women appear to be eligible for no-cost Medi-Cal. Children's applications that are screened eligible to no-cost Medi-Cal at SPE will be forwarded to the county Department of Social Services (if the applicant did not indicate "no" to Medi-Cal" in Question 16 on the application). Applications with incomes screened above no-cost Medi-Cal will be processed by Healthy Families (if the applicant did not indicate "no" to Healthy Families in Question 16 on the application.)

INCOME GUIDELINES

Use until March 31st, 2005. Guidelines change April 1st every year.

Family Size	Medi-Cal Children Birth to 1 and Pregnant Women	Healthy Families Children Birth to 1		Medi-Cal Children 1 through 5	Healthy Families Children 1 through 5		Medi-Cal Children 6 through 18	Healthy Families Children 6 through 18	
	Monthly Income	Monthly Income		Monthly Income	Monthly Income		Monthly Income	Monthly Income	
	Not Over	At Least	But Not Over	Not Over	At Least	But Not Over	Not Over	At Least	But Not Over
1	\$ 1,552	\$ 1,553	\$ 1,940	\$ 1,032	\$1,033	\$1,940	\$ 776	\$ 777	\$ 1,940
2	\$ 2,082	\$ 2,083	\$ 2,603	\$ 1,385	\$1,386	\$2,603	\$ 1,041	\$1,042	\$ 2,603
3	\$ 2,612	\$ 2,613	\$ 3,265	\$ 1,737	\$1,738	\$3,265	\$ 1,306	\$1,307	\$ 3,265
4	\$ 3,142	\$ 3,143	\$ 3,928	\$ 2,090	\$2,091	\$3,928	\$ 1,571	\$1,572	\$ 3,928
5	\$ 3,672	\$ 3,673	\$ 4,590	\$ 2,442	\$2,443	\$4,590	\$ 1,836	\$1,837	\$ 4,590
6	\$ 4,202	\$ 4,203	\$ 5,253	\$ 2,795	\$2,796	\$5,253	\$ 2,101	\$2,102	\$ 5,253
7	\$ 4,732	\$ 4,733	\$ 5,915	\$ 3,147	\$3,148	\$5,915	\$ 2,366	\$2,367	\$ 5,915
Add the following amounts for each additional family member									
	\$ 530	\$ 531	\$ 663	\$ 353	\$ 354	\$ 663	\$ 265	\$ 266	\$ 663

Using Federal Income Tax Forms to Document Income

Using the federal income tax forms will document the income only for those family members in the household whose incomes are reported on that form. Other family members whose incomes are counted and not listed (e.g., spouses filing separately, children who receive child support, etc.) must provide separate proofs of income. These other sources of income need to be added to the net monthly income determined from the tax form. For stepparent households, applicants must provide verification (i.e., W-2 forms) to show the amount of the gross income listed on the tax form belonging to the stepparents. For other types of income belonging to the parents and stepparents (i.e., interest income,) divide this income in half.

Using the federal income tax form for the year prior to the previous year only will be accepted until the April 15th tax filing deadline. For example, if a family is applying in February 2004, it can use the 2002 federal tax forms to verify its income. After April 15th of each year, applicants only can use their federal tax forms for the previous year. If applicants submit federal tax forms from a period other than the previous year, the tax forms will be considered too old and will not be accepted as proof of income. Applicants will be required to submit their previous year's federal tax forms or some other forms of documentation to prove their incomes. Instructions for using specific federal tax forms are listed below.

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Form 1040 U.S. Individual Income Tax Form:

Add all of the positive amounts listed in the “Income Section” together (Lines 7 through 21). If applicants have reported losses (negative amounts) on any of the lines of this section, these amounts are counted as zero. DO NOT subtract any losses from the positive gross income amount. This amount may be different than the amount on Line 22. See pages 4-23 through 4-24 for a sample of Form 1040.

Income Attach Forms W-2 and W-2G here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 22. Enclose, but do not attach, any payment. Also, please use Form 1040-V.	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	
	8a	Taxable interest. Attach Schedule B if required	8a	
	b	Tax-exempt interest. Do not include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required	9a	
	b	Qualified dividends (see page 23)	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 23)	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13a	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13a	
	b	If box on 13a is checked, enter post-May 5 capital gain distributions	13b	
	14	Other gains or (losses). Attach Form 4797	14	
	15a	IRA distributions	15a	
	b	Taxable amount (see page 25)	15b	
	16a	Pensions and annuities	16a	
	b	Taxable amount (see page 25)	16b	
	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits	20a	
	b	Taxable amount (see page 27)	20b	
	21	Other income. List type and amount (see page 27)	21	
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income ▶	22	

Using Federal Tax Forms to Document the Income

Form 1040A U.S. Individual Income Tax Form:

Add all the positive amounts listed in the “Income Section” together (Lines 7 through 14b). This may be different than the amount listed on line 15. A sample of Form 1040A is on page 4-25.

Income Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 24. Enclose, but do not attach, any payment.	7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7
	8a	Taxable interest. Attach Schedule 1 if required.	8a
	b	Tax-exempt interest. Do not include on line 8a.	8b
	9a	Ordinary dividends. Attach Schedule 1 if required.	9a
	b	Qualified dividends (see page 25).	9b
	10a	Capital gain distributions (see page 25).	10a
	b	Post-May 5 capital gain distributions (see page 25).	10b
	11a	IRA distributions.	11a
	11b	Taxable amount (see page 25).	11b
	12a	Pensions and annuities.	12a
12b	Taxable amount (see page 26).	12b	
13	Unemployment compensation and Alaska Permanent Fund dividends.	13	
14a	Social security benefits.	14a	
14b	Taxable amount (see page 28).	14b	
15	Add lines 7 through 14b (far right column). This is your total income .		15

NOTE: The 1040A cannot be used for self employment. See page 4-20. for instructions for using tax forms (Schedule C) for the self employed.

Form 1040EZ U.S. Individual Income tax Form:

Add all the positive amounts listed in the “Income Section” together (Lines 1 through 3). See page 4-26 for a sample of Form 1040EZ.

NOTE: The 1040EZ cannot be used for self employment. See page 4-20 for instructions for using tax forms Schedule C) for the self employed.

Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2
	3	Unemployment compensation and Alaska Permanent Fund dividends (see page 14).	3
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4

Using Federal Income Tax Forms to Document the Income

IRS e-file:

The printout generated by the IRS e-file software, IRS forms 1040, 1040A and 1040EZ, also can be used to verify family members' previous years incomes. The lines reported on the IRS e-file printout correspond to the same lines as Form 1040, 1040A, or 1040EZ. This printout lists only the amounts actually reported on the actual federal tax form (positive and negative amounts).

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Using the Federal Income Tax Form to Prove Self Employment Income

If the Federal Tax Form 1040 is used as proof of income for self-employed family members, a Schedule C (Business Income) or F (Farm Income) MUST also be submitted with the Tax Form 1040.

See pages 4-27 and 4-28 for samples of the Schedules C and F.

SOME DEDUCTIONS FROM PROFIT/LOSS ARE NOT ALLOWED

Both Medi-Cal and Healthy Families DO NOT ALLOW certain deductions:

- Depreciation listed on:

Line 13 of Schedule C

13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4) . . .	13		
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Line 16 of Schedule F

16 Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4) . . .	16		
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- Meals and entertainment listed on:

Line 24b of Schedule C

24 Travel, meals, and entertainment:			
a Travel	24a		
b Meals and entertainment			

Amounts listed on lines 13 and 14b of Schedule C must be added back to Self-Employment on:

- Line 12 of Form 1040

12 Business income or (loss). Attach Schedule C or C-EZ	12	
13a Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/> 13a		
b If box on 13a is checked, enter post-May S capital gain distributions 13b		

Amounts listed on line 16 of schedule F must be added back to the net Farm Income on:

- Line 18 of Form 1040

17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
18 Farm income or (loss). Attach Schedule F	18	
19 Unemployment compensation	19	

Using the 1040 to Determine Monthly Income

Annual income can be used to estimate the monthly income for self-employed family members (only line 12 on Schedule C can be used). To estimate the monthly income, add all of the positive amounts of lines 7 through 21 on the Form 1040. Negative amounts are counted as zero. Divide the total positive amounts by 12 to estimate the monthly gross income. Earned income receives the \$90 work expense deduction.

Example: A family is using a paycheck stub to prove the mother's income. The father is self-employed and using his 1040 and Schedule C to prove his income. He reports a net profit from his business income of \$13,789. This amount is divided by 12 to determine the estimated gross monthly income of \$1,149.08.

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Using the Affidavit for Income Documentation

Applicants can use affidavits to document their incomes when using the joint Healthy Families and Medi-Cal for Families mail-in application when they do not have any other acceptable income documentation.

The Healthy Families Program regulations state that an affidavit of income written by the person who receives the income can be used as income documentation if the income amount could not be provided by any other acceptable means (e.g., pay stub, 1040, profit and loss statement, etc.). In these cases, the affidavit of income is considered acceptable proof of income.

NOTE: Family members who are self-employed CANNOT use an affidavit to document their incomes. They can, however, prepare three month profit and loss statements or use their federal tax forms with the Schedule C.

Requirements for using an affidavit

An affidavit must include the following information:

- The amount and frequency of income received
- A declaration that the family member cannot provide other documentation of his or her income at the time of application to the program. This declaration must also state that the information provided is true and correct to the best of the family member's knowledge and belief.
- An acknowledgement that the family member understands that information provided in the affidavit may be subject to verification by the State of California
- Signature of the family member who is providing the affidavit and the date

See page 4-31 for a sample affidavit.

CAA REMINDER: Any manipulation or incorrect reporting of the family income is considered fraudulent behavior and can result in CAA termination and revocation of the CAA number. See Chapter 2: Certified Application Assistant.

FORM 1040 page 2

Form 1040 (2003)		Page 2
Tax and Credits		
35 Amount from line 34 (adjusted gross income) 35		
36a Check <input type="checkbox"/> You were born before January 2, 1939, <input type="checkbox"/> Blind, <input type="checkbox"/> Total boxes if: <input type="checkbox"/> Spouse was born before January 2, 1939, <input type="checkbox"/> Blind, checked 36a		
b If you are married filing separately and your spouse itemizes deductions, or you were a dual-status alien, see page 34 and check here 36b <input type="checkbox"/>		
37 Itemized deductions (from Schedule A) or your standard deduction (see left margin) 37		
38 Subtract line 37 from line 35 38		
39 If line 35 is \$104,625 or less, multiply \$3,050 by the total number of exemptions claimed on line 6d. If line 35 is over \$104,625, see the worksheet on page 35 39		
40 Taxable income. Subtract line 39 from line 38. If line 39 is more than line 38, enter -0- 40		
41 Tax (see page 36). Check if any tax is from: a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972 41		
42 Alternative minimum tax (see page 38). Attach Form 6251 42		
43 Add lines 41 and 42 43		
44 Foreign tax credit. Attach Form 1116 if required 44		
45 Credit for child and dependent care expenses. Attach Form 2441 45		
46 Credit for the elderly or the disabled. Attach Schedule R 46		
47 Education credits. Attach Form 8863 47		
48 Retirement savings contributions credit. Attach Form 8880 48		
49 Child tax credit (see page 40) 49		
50 Adoption credit. Attach Form 8839 50		
51 Credits from: a <input type="checkbox"/> Form 8396 b <input type="checkbox"/> Form 8859 51		
52 Other credits. Check applicable box(es): a <input type="checkbox"/> Form 3800 b <input type="checkbox"/> Form 8801 c <input type="checkbox"/> Specify 52		
53 Add lines 44 through 52. These are your total credits 53		
54 Subtract line 53 from line 43. If line 53 is more than line 43, enter -0- 54		
Other Taxes		
55 Self-employment tax. Attach Schedule SE 55		
56 Social security and Medicare tax on tip income not reported to employer. Attach Form 4137 56		
57 Tax on qualified plans, including IRAs, and other tax-favored accounts. Attach Form 5329 if required 57		
58 Advance earned income credit payments from Form(s) W-2 58		
59 Household employment taxes. Attach Schedule H 59		
60 Add lines 54 through 59. This is your total tax 60		
Payments		
61 Federal income tax withheld from Forms W-2 and 1099 61		
62 2003 estimated tax payments and amount applied from 2002 return 62		
63 Earned income credit (EIC) 63		
64 Excess social security and tier 1 RRTA tax withheld (see page 56) 64		
65 Additional child tax credit. Attach Form 8812 65		
66 Amount paid with request for extension to file (see page 56) 66		
67 Other payments from: a <input type="checkbox"/> Form 2439 b <input type="checkbox"/> Form 4136 c <input type="checkbox"/> Form 8865 67		
68 Add lines 61 through 67. These are your total payments 68		
Refund		
69 If line 68 is more than line 60, subtract line 60 from line 68. This is the amount you overpaid 69		
70a Amount of line 69 you want refunded to you 70a		
b Routing number <input type="text"/> c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
d Account number <input type="text"/>		
71 Amount of line 69 you want applied to your 2004 estimated tax 71		
Amount You Owe		
72 Amount you owe. Subtract line 68 from line 60. For details on how to pay, see page 57 72		
73 Estimated tax penalty (see page 58) 73		
Third Party Designee Do you want to allow another person to discuss this return with the IRS (see page 58)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No		
Designee's name <input type="text"/> Phone no. <input type="text"/> Personal identification number (PIN) <input type="text"/>		
Sign Here Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
Your signature <input type="text"/> Date <input type="text"/> Your occupation <input type="text"/> Daytime phone number <input type="text"/>		
Spouse's signature, if a joint return, both must sign. <input type="text"/> Date <input type="text"/> Spouse's occupation <input type="text"/>		
Paid Preparer's Use Only Preparer's signature <input type="text"/> Date <input type="text"/> Check if self-employed <input type="checkbox"/> Preparer's SSN or PIN <input type="text"/>		
Firm's name (or yours if self-employed), address, and ZIP code <input type="text"/> EIN <input type="text"/> Phone no. <input type="text"/>		

FORM 1040A

Form 1040A Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return (955) 2003 IRS Use Only—Do not write or staple in this space.

Label (See page 19.)

Use the IRS label. Otherwise, please print or type.

Important! You must enter your SSN(s) above.

Presidential Election Campaign (See page 20.)

Filing status Check only one box.

Exemptions

Income

Adjusted gross income

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 57. Cat. No. 11327A Form 1040A (2003)

4

Determining Family Size & Income

FORM 1040 EZ

Form 1040EZ		Department of the Treasury—Internal Revenue Service		Income Tax Return for Single and Joint Filers With No Dependents (00)		2003		OMB No. 1545-0075		
Label (See page 12.) Use the IRS label. Otherwise, please print or type.	LABEL HERE	Your first name and initial		Last name		Your social security number				
		If a joint return, spouse's first name and initial		Last name		Spouse's social security number				
		Home address (number and street). If you have a P.O. box, see page 12.				Apt. no.		▲ Important! ▲ You must enter your SSN(s) above.		
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 12.								
Presidential Election Campaign (page 12)		Note. Checking "Yes" will not change your tax or reduce your refund. Do you, or your spouse if a joint return, want \$3 to go to this fund?						You <input type="checkbox"/> Yes <input type="checkbox"/> No	Spouse <input type="checkbox"/> Yes <input type="checkbox"/> No	
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	Note. You must check Yes or No.	1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.				1				
		2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.				2				
		3 Unemployment compensation and Alaska Permanent Fund dividends (see page 14).				3				
		4 Add lines 1, 2, and 3. This is your adjusted gross income .				4				
		5 Can your parents (or someone else) claim you on their return? Yes. Enter amount from worksheet on back. <input type="checkbox"/> No. If single , enter \$7,800. If married filing jointly , enter \$15,600. See back for explanation. <input type="checkbox"/>				5				
		6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .				6				
Payments and tax	7 Federal income tax withheld from box 2 of your Form(s) W-2.			7						
	8 Earned income credit (EIC).			8						
	9 Add lines 7 and 8. These are your total payments .			9						
	10 Tax. Use the amount on line 6 above to find your tax in the tax table on pages 24-28 of the booklet. Then, enter the tax from the table on this line.			10						
Refund Have it directly deposited! See page 19 and fill in 11b, 11c, and 11d.	11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund .			11a						
	b Routing number			c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings						
	d Account number									
Amount you owe	12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see page 20.			12						
Third party designee	Do you want to allow another person to discuss this return with the IRS (see page 20)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No									
Sign here Joint return? See page 11. Keep a copy for your records.	Designee's name			Phone no.			Personal identification number (PIN)			
	Your signature			Date			Your occupation	Daytime phone number		
	Spouse's signature. If a joint return, both must sign.			Date			Spouse's occupation			
Paid preparer's use only	Preparer's signature			Date			Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN		
	Firm's name (or yours if self-employed), address, and ZIP code			EIN			Phone no.			

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 23.

Cat. No. 11329W

Form 1040EZ (2003)

SCHEDULE C

SCHEDULE C (Form 1040) <small>Department of the Treasury Internal Revenue Service (998)</small>	Profit or Loss From Business (Sole Proprietorship) ▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B. ▶ Attach to Form 1040 or 1041. ▶ See instructions for Schedule C (Form 1040).	<small>OMB No. 1545-0034</small> <div style="font-size: 24pt; font-weight: bold;">2003</div> <small>Attachment Sequence No. 09</small>
Name of proprietor _____		Social security number (SSN) _____
A Principal business or profession, including product or service (see page C-2 of the instructions) _____		B Enter code from pages C-7, 8, & 9 <div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>
C Business name, if no separate business name, leave blank _____		D Employer ID number (EIN), if any <div style="border: 1px solid black; width: 100px; height: 20px; margin-top: 5px;"></div>
E Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code _____		
F Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶ _____		
G Did you "materially participate" in the operation of this business during 2003? If "No," see page C-3 for limit on losses. <input type="checkbox"/> Yes <input type="checkbox"/> No		
H If you started or acquired this business during 2003, check here <input type="checkbox"/> <input type="checkbox"/>		
Part I Income		
1 Gross receipts or sales. Caution. If this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked, see page C-3 and check here <input type="checkbox"/> _____	1	
2 Returns and allowances _____	2	
3 Subtract line 2 from line 1 _____	3	
4 Cost of goods sold (from line 42 on page 2) _____	4	
5 Gross profit. Subtract line 4 from line 3 _____	5	
6 Other income, including Federal and state gasoline or fuel tax credit or refund (see page C-3) _____	6	
7 Gross income. Add lines 5 and 6 _____	7	
Part II Expenses. Enter expenses for business use of your home only on line 30.		
8 Advertising _____	8	
9 Car and truck expenses (see page C-3) _____	9	
10 Commissions and fees _____	10	
11 Contract labor (see page C-4) _____	11	
12 Depletion _____	12	
13 Depreciation and section 179 expense deduction (not included in Part III) (see page C-4) _____	13	
14 Employee benefit programs (other than on line 19) _____	14	
15 Insurance (other than health) _____	15	
16 Interest:		
a Mortgage (paid to banks, etc.) _____	16a	
b Other _____	16b	
17 Legal and professional services _____	17	
18 Office expense _____	18	
19 Pension and profit-sharing plans _____	19	
20 Rent or lease (see page C-5):		
a Vehicles, machinery, and equipment _____	20a	
b Other business property _____	20b	
21 Repairs and maintenance _____	21	
22 Supplies (not included in Part III) _____	22	
23 Taxes and licenses _____	23	
24 Travel, meals, and entertainment:		
a Travel _____	24a	
b Meals and entertainment _____		
c Enter nondeductible amount included on line 24b (see page C-5) _____		
d Subtract line 24c from line 24b _____	24d	
25 Utilities _____	25	
26 Wages (less employment credits) _____	26	
27 Other expenses (from line 48 on page 2) _____	27	
28 Total expenses before expenses for business use of home. Add lines 8 through 27 in columns _____	28	
29 Tentative profit (loss). Subtract line 28 from line 7 _____	29	
30 Expenses for business use of your home. Attach Form 8829 _____	30	
31 Net profit or (loss). Subtract line 30 from line 29. • If a profit, enter on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. • If a loss, you must go to line 32.	31	
32 If you have a loss, check the box that describes your investment in this activity (see page C-6). • If you checked 32a, enter the loss on Form 1040, line 12 , and also on Schedule SE, line 2 (statutory employees, see page C-6). Estates and trusts, enter on Form 1041, line 3. • If you checked 32b, you must attach Form 6198 .		
	32a <input type="checkbox"/> All investment is at risk.	
	32b <input type="checkbox"/> Some investment is not at risk.	

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11334P

Schedule C (Form 1040) 2003

4

Determining Family Size & Income

SCHEDULE F

SCHEDULE F (Form 1040)

Department of the Treasury
Internal Revenue Service (999)

Profit or Loss From Farming

▶ Attach to Form 1040, Form 1041, Form 1065, or Form 1065-B.

▶ See instructions for Schedule F (Form 1040).

OMB No. 1545-0074

2003

Attachment
Sequence No. **14**

Name of proprietor

Social security number (SSN)

A Principal product. Describe in one or two words your principal crop or activity for the current tax year.

B Enter code from Part IV

D Employer ID number (EIN), if any

C Accounting method: (1) ☐ Cash (2) ☐ Accrual

E Did you "materially participate" in the operation of this business during 2003? If "No," see page F-2 for limit on passive losses. ☐ Yes ☐ No

Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method taxpayers complete Parts II and III, and line 11 of Part I).
Do not include sales of livestock held for draft, breeding, sport, or dairy purposes; report these sales on Form 4797.

1	Sales of livestock and other items you bought for resale	1	
2	Cost or other basis of livestock and other items reported on line 1	2	
3	Subtract line 2 from line 1	3	
4	Sales of livestock, produce, grains, and other products you raised	4	
5a	Total cooperative distributions (Form(s) 1099-PATR)	5a	
5b	Taxable amount	5b	
6a	Agricultural program payments (see page F-2)	6a	
6b	Taxable amount	6b	
7	Commodity Credit Corporation (CCC) loans (see page F-3):		
a	CCC loans reported under election	7a	
b	CCC loans forfeited	7b	
7c	Taxable amount	7c	
8	Crop insurance proceeds and certain disaster payments (see page F-3):		
a	Amount received in 2003	8a	
8b	Taxable amount	8b	
c	If election to defer to 2004 is attached, check here <input type="checkbox"/>	8d	Amount deferred from 2002
9	Custom hire (machine work) income	9	
10	Other income, including Federal and state gasoline or fuel tax credit or refund (see page F-3)	10	
11	Gross income. Add amounts in the right column for lines 3 through 10. If accrual method taxpayer, enter the amount from page 2, line 51	11	

Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, repairs, etc., on your home.

12	Car and truck expenses (see page F-4—also attach Form 4562)	12	
13	Chemicals	13	
14	Conservation expenses (see page F-4)	14	
15	Custom hire (machine work)	15	
16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16	
17	Employee benefit programs other than on line 25	17	
18	Feed purchased	18	
19	Fertilizers and lime	19	
20	Freight and trucking	20	
21	Gasoline, fuel, and oil	21	
22	Insurance (other than health)	22	
23a	Mortgage (paid to banks, etc.)	23a	
23b	Other	23b	
24	Labor hired (less employment credits)	24	
25	Pension and profit-sharing plans	25	
26	Rent or lease (see page F-5):		
a	Vehicles, machinery, and equipment	26a	
b	Other (land, animals, etc.)	26b	
27	Repairs and maintenance	27	
28	Seeds and plants purchased	28	
29	Storage and warehousing	29	
30	Supplies purchased	30	
31	Taxes	31	
32	Utilities	32	
33	Veterinary, breeding, and medicine	33	
34	Other expenses (specify):		
a		34a	
b		34b	
c		34c	
d		34d	
e		34e	
f		34f	

35	Total expenses. Add lines 12 through 34f	35	
36	Net farm profit or (loss). Subtract line 35 from line 11. If a profit, enter on Form 1040, line 18, and also on Schedule SE, line 1. If a loss, you must go on to line 37 (estates, trusts, and partnerships, see page F-6)	36	
37	If you have a loss, you must check the box that describes your investment in this activity (see page F-6):		
• If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1.		37a	<input type="checkbox"/> All investment is at risk.
• If you checked 37b, you must attach Form 6198.		37b	<input type="checkbox"/> Some investment is not at risk.

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2003

SAMPLE PROFIT AND LOSS STATEMENT

Company Name
Street Address
City, State and Zip Code
Phone Number

Month 1		Month 2		Month 3	
Gross Receipts	\$5,000	Gross Receipts	\$2,000	Gross Receipts	\$4,000
Total Income	\$5,000	Total Income	\$2,000	Total Income	\$4,000
Business Expenses:		Business Expenses:		Business Expenses:	
Car	\$200	Car	\$200	Car	\$200
Equipment	\$1,000	Equipment	\$1,000	Equipment	\$300
Repairs	\$300	Repairs	\$1,100	Repairs	\$100
Advertising	\$300	Advertising	\$300	Advertising	\$300
Total Expenses	(\$1,800)	Total Expenses	(\$2,600)	Total Expenses	(\$900)
Total Income	\$5,000	Total Income	\$2,000	Total Income	\$4,000
Total Expenses	(\$1,800)	Total Expenses	(\$2,600)	Total Expenses	(\$900)
Net Profit/Loss	\$3,200	Net Profit/Loss	(\$600)	Net Profit/Loss	\$3,100

Net Profits:	December 02	\$3,200
	January 03	\$ (600)
	February 03	<u>\$3,100</u>
Total Net Profit		\$6,300
	Divide by	<u>3</u>
	Monthly Net Profit	\$2,100

Signature of Person Earning Income

Date

The information provided is true and correct to the best of my knowledge.

Note: Negative net profit is always counted as zero.

4

Determining Fa
Size & Income

SAMPLE EMPLOYER LETTER

COMPANY LETTERHEAD

Must include the following information:

Name of Employer/Company

Name (of person writing letter)

Address

City, State, Zip

Telephone number

Today's Date

Healthy Families/Medi-Cal for Families

P.O. Box.138005

Sacramento, Ca 95813-9984

Dear Medi-Cal/Healthy Families:

I certify that (Name of applicant or father of the baby) is an employee of (company name).

(Employee's name) **gross income** for this pay period is \$_____ and frequency of pay is (once a week, twice a monthly, every two weeks, once a month). A copy of the front and back of the most recent cancelled check from this company is attached for verification. This letter does not guarantee employment or wages.

I certify that the information presented in this letter is true and correct.

Sincerely,

Name

Job Title or Position

SAMPLE AFFIDAVIT OF INCOME LETTER

Applicant's Name
Address
City, State, Zip
Phone Number

Today's Date

Healthy Families/Medi-Cal for Families
P.O. Box 138005
Sacramento, CA 95813-9984

Dear Healthy Families and Medi-Cal for Families,

I am providing this affidavit to verify my income as I have no other income documentation available to me. I receive \$_____ (gross amount) and the frequency of pay is (weekly, every two weeks, twice a month, or monthly). I last received this amount on _____. My employer's name is _____ and their phone number is _____. I understand that this information is subject to verification by the State of California.

I certify that the information presented in this letter is true and correct to the best of my knowledge and belief.

Sincerely,

Claimant's Name

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Determining Family
Size & Income

MEDI-CAL NOTICE OF ACTION

NOTICE OF ACTION

COUNTY OF _____

STATE OF CALIFORNIA
HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

Notice Date : _____
Case Name : _____
Number : _____
Worker Name : _____
Number : _____
Telephone : _____
Address : _____

ADDRESSEE

Questions? Ask your Worker.

State Hearing: If you think this action is wrong, you can ask for a hearing. The back of this page tells how. Your benefits may not be changed if you ask for a hearing before this action takes place.

As of _____, the county has approved your back cash aid of \$ _____.

HERE'S WHY:

You were pregnant and / or parenting when you turned 18 years old and your benefits were approved. This means the county will pay for your medical care.

There are two ways to get your benefits:

1. Automatic Approval

2. Manual Approval

1. Automatic Approval - If you are a new applicant, you will be automatically approved for benefits.

2. Manual Approval - If you are a returning applicant, you will be manually approved for benefits.

1. Automatic Approval - If you are a new applicant, you will be automatically approved for benefits.

NOTE: This notice is NOT your last notice. You will receive a second notice if you do not follow the instructions on this notice. Keep your public identification card safe.

NOTE: This notice is NOT your last notice. You will receive a second notice if you do not follow the instructions on this notice. Keep your public identification card safe.

THIS NOTICE IS A PUBLIC NOTICE. IT IS NOT A SECRET.

Page 1 of 1

MEDI-CAL NOTICE OF ACTION

NOTICE OF ACTION

(Continued)

Underpayment Amount Owed
(For Underpayments Occurring on or after 1-1-98)

COUNTY OF _____

STATE OF CALIFORNIA
HEALTH AND HUMAN SERVICES AGENCY
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

Notice Date : _____
Case Name : _____
Number : _____
Worker Name : _____
Number : _____

Underpayment Month and Year: _____

(A) Net Countable Income

Total Business Income	\$	_____	_____	_____	_____
Business Expenses		_____	_____	_____	_____
a. 40% Standard OR		_____	_____	_____	_____
b. Actual		_____	_____	_____	_____
Net Earnings from Self Employment	=	_____	_____	_____	_____
Total Disability-Based Unearned Income (Assistance Unit (AU) + Non Assistance Unit (Non-AU) Members)	\$	_____	_____	_____	_____
\$225 Disregard	-	_____	_____	_____	_____
Nonexempt Unearned Disability-Based Income OR	=	_____	_____	_____	_____
Unused Amount of \$225 Disregard	=	_____	_____	_____	_____
Total Earned Income	\$	_____	_____	_____	_____
Net Earnings from Self-Employment (from above)	+	_____	_____	_____	_____
Subtotal	=	_____	_____	_____	_____
Unused Amount of \$225 Disregard	-	_____	_____	_____	_____
Subtotal	=	_____	_____	_____	_____
Earned Income Disregard 50%	-	_____	_____	_____	_____
Subtotal	=	_____	_____	_____	_____
Nonexempt Unearned Disability-Based Income (from above)	+	_____	_____	_____	_____
Other Nonexempt Income (AU + Non-AU Members)	+	_____	_____	_____	_____
Net Countable Income	=	_____	_____	_____	_____

(B) Correct Cash Aid Payment		_____	_____	_____	_____
Maximum Aid Payment (MAP) Amount (AU + Non-AU Members)		_____	_____	_____	_____
Special Needs (AU + Non-AU Members)	+	_____	_____	_____	_____
Net Countable Income From Section A	-	_____	_____	_____	_____
Subtotal A	=	_____	_____	_____	_____
Maximum Aid Payment (MAP) (AU Only)	-	_____	_____	_____	_____
Special Needs (AU Only)	+	_____	_____	_____	_____
Subtotal B	=	_____	_____	_____	_____
Correct Cash Aid Amount (Lessor of Subtotal A or B)	=	_____	_____	_____	_____

(C) Child Support Penalty Adjustment		_____	_____	_____	_____
25% Child Support Penalty	-	_____	_____	_____	_____
Subtotal C	=	_____	_____	_____	_____

(D) Adjustments		_____	_____	_____	_____
a. Additional 25% Child Support Penalty	-	_____	_____	_____	_____
b. Overpayment	-	_____	_____	_____	_____
c. Delinquent Penalty	-	_____	_____	_____	_____
d. Delinquent Child	-	_____	_____	_____	_____
Adjusted Cash Aid	=	_____	_____	_____	_____

(E) Underpayment		_____	_____	_____	_____
Adjusted Cash Aid Amount	-	_____	_____	_____	_____
Correct Cash Aid (from B)	+	_____	_____	_____	_____
Subtotal E	=	_____	_____	_____	_____
Amount of Underpayment for Each Month	=	_____	_____	_____	_____

Rules: These rules apply; you may review them at your Welfare Office: MPP 44-340.

State Warning: If you think this action is wrong, you can ask for a hearing. The back of Page 1 tells how.

TOTAL UNDERPAYMENT (All Months) \$ _____

For additional information, please call the Department of Social Services at 1-800-541-5374.

Page _____ of _____

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Determining Family Size & Income